

**BEL DI GIL WATER SYSTEM, INC.**

**BELCHER, LOUISIANA**

**DECEMBER 31, 2010 AND 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/31/11

**BEL DI GIL WATER SYSTEM, INC.**

**BELCHER, LOUISIANA**

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**REVIEWED FINANCIAL STATEMENTS**

July 19, 2011

President and Board of Directors  
Bel Di Gil Water System, Inc.  
Belcher, Louisiana

Independent Accountant's Review Report

We have reviewed the accompanying statement of financial position of Bel Di Gil Water System, Inc. (a not-for-profit corporation) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated July 19, 2011, on the results of our agreed-upon procedures.

The accompanying 2009 financial statements of Bel Di Gil Water System, Inc. were compiled by us. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. Accordingly, we do not express an opinion or provide any assurance about whether these financial statements are in accordance with accounting principles generally accepted in the United States of America.

Heard, McElroy & Vestal, LLC

**BEL DI GIL WATER SYSTEM, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2010 AND 2009**

<b><u>ASSETS</u></b>	<b><u>2010 Reviewed</u></b>	<b><u>2009 Compiled</u></b>
<b><u>Current assets:</u></b>		
Cash	47,329	108,233
Accounts receivable-customer accounts	<u>12,293</u>	<u>15,298</u>
Total current assets	59,622	123,531
<b><u>Property and equipment:</u></b>		
Property and equipment	1,288,769	744,872
Accumulated depreciation	<u>(721,921)</u>	<u>(596,043)</u>
Total property and equipment	<u>566,848</u>	<u>148,829</u>
<b>Total assets</b>	<b><u>626,470</u></b>	<b><u>272,360</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current liabilities:</u></b>		
Accounts payable	-	2,240
Payroll taxes payable	355	356
Notes payable-current	<u>2,055</u>	<u>3,217</u>
Total current liabilities	2,410	5,813
<b><u>Long-term liabilities:</u></b>		
Notes payable, less current portion	<u>46,343</u>	<u>58,911</u>
Total liabilities	48,753	64,724
<b><u>Net assets:</u></b>		
Members' equity	15,701	14,841
Unrestricted net assets	<u>562,016</u>	<u>192,795</u>
Total net assets	<u>577,717</u>	<u>207,636</u>
<b>Total liabilities and net assets</b>	<b><u>626,470</u></b>	<b><u>272,360</u></b>

See Accountant's Review Report

The accompanying notes are an integral part of the financial statements.

**BEL DI GIL WATER SYSTEM, INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<b><u>2010</u></b> <b><u>Reviewed</u></b>	<b><u>2009</u></b> <b><u>Compiled</u></b>
<b><u>Revenues, gains, and other support:</u></b>		
Water sales	182,796	174,680
Other income	465,949	138,403
Interest income	<u>515</u>	<u>233</u>
Total revenues, gains, and other support	649,260	313,316
<b><u>General and administrative expenses:</u></b>		
Salaries	14,400	14,400
Utilities expense	10,782	10,760
Office expense	3,880	1,741
Repairs and maintenance	21,185	51,276
Insurance expense	8,975	12,824
Taxes and licensing expense	1,663	1,520
Chemical expense	24,532	17,176
Accounting and legal	3,864	2,850
Interest expense	4,921	3,503
Depreciation	125,877	39,964
Dues and subscriptions	275	275
Bad debt expense	1,008	203
Bank service charges	100	219
Contract labor/service expense	54,294	52,553
Postage and delivery	1,364	1,512
Testing expense	1,405	3,048
Safe Drinking Water Act	876	876
Rent expense	81	74
Miscellaneous expense	<u>557</u>	<u>403</u>
Total general and administrative expenses	<u>280,039</u>	<u>215,177</u>
<b><u>Change in unrestricted net assets</u></b>	369,221	98,139
<b><u>Beginning unrestricted net assets</u></b>	<u>192,795</u>	<u>94,656</u>
<b><u>Ending unrestricted net assets</u></b>	<u>562,016</u>	<u>192,795</u>

See Accountant's Review Report

The accompanying notes are an integral part of the financial statements.

BEL DI GIL WATER SYSTEM, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u> <u>Reviewed</u>	<u>2009</u> <u>Compiled</u>
<u>Cash flows from operating activities:</u>		
Change in unrestricted net assets	369,221	98,139
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation expense	125,877	39,964
Donations of property	(424,223)	-
Net change in operating assets and liabilities:		
Accounts receivable-customer accounts	3,005	(1,862)
Accounts payable	(2,240)	(4,444)
Taxes payable	(1)	(519)
Total adjustments	<u>(297,582)</u>	<u>33,139</u>
Net cash provided by operating activities	71,639	131,278
<u>Cash flows from investing activities:</u>		
Purchases of property and equipment	(119,673)	(131,583)
<u>Cash flows from financing activities:</u>		
Payment on long-term debt	(13,730)	(8,477)
Membership deposits	860	540
Net cash (used) by financing activities	<u>(12,870)</u>	<u>(7,937)</u>
<u>Net cash (decrease) for period</u>	(60,904)	(8,242)
<u>Cash at beginning of period</u>	<u>108,233</u>	<u>116,475</u>
<u>Cash at end of period</u>	<u>47,329</u>	<u>108,233</u>
<u>Interest paid</u>	<u>4,921</u>	<u>3,503</u>

See Accountant's Review Report

The accompanying notes are an integral part of the financial statements.

BEL DI GIL WATER SYSTEM, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**1. Nature of Business**

Bel Di Gil Water System, Inc. (the System) is a nonprofit corporation governed by a board of directors. The System was formed in 1968 to provide a high quality water supply to the residents of Belcher, Dixie, and Gilliam, Louisiana at a reasonable cost.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation*** - The financial statements of the System are prepared on the accrual basis. The System is required to report information regarding its financial position and activities according to three classes of net assets:

***Unrestricted Net Assets*** - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

***Temporarily Restricted Net Assets*** - Net assets subject to donor-imposed stipulations that may or will be met by actions of the System, and/or by the passage of time.

***Permanently Restricted Net Assets*** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the System. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. Contributions are recognized when the donor makes a promise to give to the System that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

***Use of Estimates*** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Federal Income Taxes*** - As a nonprofit, the System is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code, but must file an annual return with the Internal Revenue Service that contains information on its financial operations. The System is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. The System does not expect its tax position to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the System's accounting records.

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## 2. Summary of Significant Accounting Policies (Continued)

The System files U.S. federal Form 990 for informational purposes. The System's federal income tax returns for the tax years 2007 and beyond remain subject to examination by the Internal Revenue Service.

**Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over an estimated useful life of six to fourteen years.

Repairs and maintenance are charged to operations; significant improvements are capitalized.

**Cash** – For purposes of the statement of cash flows, cash includes amounts on hand and amounts on deposit at a financial institution.

**Donated Services** – Donated materials and equipment are recorded as contributions in the financial statements at their estimated values at the date of receipt.

**Accounts Receivable-Customer Accounts** – At December 31, 2010 and 2009, the System did not provide for an allowance for doubtful accounts. Based on a review of accounts receivable and the historical loss experience, the System has determined it has no significant uncollectible accounts. Bad debt expense from customer accounts receivable was \$1,008 and \$203 for the years ended December 31, 2010 and 2009, respectively.

## 3. Property and Equipment

Property and equipment and related accumulated depreciation at December 31, 2010 and 2009, are as follows:

	<u>2010</u>	<u>2009</u>
Water distribution system	305,623	305,623
Treatment plant	239,256	239,256
Water wells	37,125	37,125
Improvements	<u>706,765</u>	<u>162,868</u>
	1,288,769	744,872
<u>Less-accumulated depreciation</u>	<u>(721,921)</u>	<u>(596,043)</u>
	<u>566,848</u>	<u>148,829</u>

During 2010, the Village of Belcher received grant money in the amount of \$424,000. The Village used this money to purchase improvements for the Bel Di Gil Water System. The Village then donated the improvements to the System.

## 4. Notes Payable

Notes payable consist of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
USDA Rural Development, term loan for \$31,100, monthly payments of \$152 including interest at 5.00%, due 4/27/2018. This note is secured by real estate.	-	7,553

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**4. Notes Payable (Continued)**

	<u>2010</u>	<u>2009</u>
USDA Rural Development, term loan for \$73,000, monthly payments of \$369 including interest at 5.25%, due 11/30/2030. This note is secured by real estate.	<u>48,398</u>	<u>54,575</u>
Total notes payable	48,398	62,128
<u>Less-current maturities</u>	<u>(2,055)</u>	<u>(3,217)</u>
Notes payable, less current portion	<u>46,343</u>	<u>58,911</u>

Notes payable maturities are as follows:

2011	2,055
2012	2,160
2013	2,270
2014	2,387
2015	2,509
Thereafter	<u>37,017</u>
	<u>48,398</u>

**5. Members' Equity**

Residents of Belcher, Dixie, and Gilliam, Louisiana became members of the system by paying a deposit. Membership deposits received totaled \$860 and \$540 for the years ended December 31, 2010 and 2009, respectively.

**6. Subsequent Events**

The System is required to evaluate events or transactions that may occur after the balance sheet date for potential recognition or disclosure in the financial statements. The System performed such an evaluation through July 19, 2011, the date which the financial statements were available to be issued, and noted no material subsequent events.

See Accountant's Review Report

OTHER REPORTS

July 19, 2011

President and Board of Directors  
Bel Di Gil Water System, Inc.  
Belcher, Louisiana

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Bel Di Gil Water System, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Bel Di Gil Water System, Inc.'s compliance with certain laws and regulations during the year ended December 31, 2010 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

***Federal, State and Local Awards***

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

N/A – The System received no awards or grants for the fiscal year.

2. For the above local awards, we randomly selected six disbursements administered during the period under examination.

N/A

3. For the items selected in Procedure 2, we traced the six disbursements to supporting documentation as to proper amount and payee.

N/A

4. For the items selected in Procedure 2, we determined if the six disbursements were properly coded to the correct fund and general ledger account.

N/A

5. For the items selected in Procedure 2, we determined whether the six disbursements received approval from proper authorities.

N/A

6. For the items selected in Procedure 2, for local awards, we determined whether the disbursements complied with the grant agreement, relating to:

*Activities allowed or unallowed:*

N/A

*Eligibility*

N/A

### ***Meetings***

7. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as required by LSA-RS 42:1 through 42:12.

The System posts the appropriate advertisement giving notice of meetings where public funds will be discussed.

### ***Comprehensive Budget***

8. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration.

N/A – The system received no grants for the fiscal year.

### ***Prior Comments and Recommendations***

9. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

- a. There were no prior year comments or recommendations.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Bel Di Gil Water System, Inc. and the Legislative Auditor (State of Louisiana), and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Heard, M. E. & Vestal, LLC*

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
(For Attestation Engagements of Quasi-public Agencies)

7/14/11 (Date Transmitted)

Bel Di Gil Water System, Inc.

Heard, McElroy & Vestal, LLP (Auditors)

In connection with your review of our financial statements as of 12/31/2010 and for the period then ended, and as required by Louisiana Revised Statute 24:813 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

**Federal, State, and Local Awards**

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:19 (the open meetings law).

Yes ☒ No ☐**Budget**

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐**Prior Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

\_\_\_\_\_  
Date Secretary

\_\_\_\_\_  
Date Treasurer

\_\_\_\_\_  
Date President

7-14-11 Margaret Manning BUS MGR